

WEESAW TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT WITH SUPPLEMENTARY INFORMATION

March 31, 2008

TOWNSHIP BOARD

Dave Heininger

Supervisor

Wanda Green

Clerk

Jane Tackitt

Treasurer

Bob Randall

Trustee

Gene Clements

Trustee

OTHER TOWNSHIP SERVICES

Allen Boyd

Township Assessor

Charles Sheldon

Fire Chief

Cliff Rogers

Ambulance Coordinator

Ed Steinke

Electrical Inspector

Robert Kaufman

Zoning Administration

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Independent Auditor's Report

To the Board of Trustees of
Weesaw Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Weesaw Township, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weesaw Township's, Michigan, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Weesaw Township, Michigan as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 2008, on our consideration of the Township's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 8 and pages 29 through 33 are not a required part of the basic financial statements but are supplemental information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Weesaw Township's, Michigan, basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Both the other supplemental information and the schedule of expenditure of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink that reads "Schaffer & Layher". The signature is written in a cursive, flowing style.

Schaffer & Layher
September 2, 2008

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

To the Board of Trustees of
Weesaw Township, Michigan

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Weesaw Township, Michigan as of and for the year ended March 31, 2008, which collectively comprise Weesaw Township's basic financial statements and have issued our report thereon dated September 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Weesaw Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Weesaw Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Weesaw Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described at 2008-1 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described at 2008-1 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Weesaw Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Weesaw Township in a separate letter dated September 2, 2008.

Weesaw Township's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Weesaw Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Schaffer & Layher'.

Schaffer & Layher
September 2, 2008

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA



**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance
In Accordance with OMB Circular A-133**

To the Board of Trustees of the
Weesaw Township, Michigan

Compliance

We have audited the compliance of Weesaw Township with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2008. Weesaw Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Weesaw Township's management. Our responsibility is to express an opinion on Weesaw Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weesaw Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Weesaw Township's compliance with those requirements.

In our opinion, Weesaw Township complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

Internal Control over Compliance

The management of Weesaw Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Weesaw Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schaffer & Layher
September 2, 2008

David Schaffer, CPA
Michael Layher, CPA
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Raymond Marks, CPA
Jeff Edmunds, CPA

Using this Annual Report

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as whole and present longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

- The assets of Weesaw Township exceeded its liabilities at the close of the most recent fiscal year by \$3,740,430 (*net assets*). Of this amount \$2,735,695 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township's governmental activities financial statements reported combined ending net asset balances of \$1,368,652, an increase of \$8,270 from the prior year. All of the total amount is available for spending at the Township's discretion (*unreserved fund balance*.)
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$907,512, or 355 percent of total current year expenditures.

Overview of the Financial Statements

This report consists of four parts---*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - The *governmental fund statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in single columns in the basic financial statements. The following table summarizes the major features of the Township's financial statements, including the portion of Township government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements, Concluded

Major Features of Weesaw Township's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds) and the Township's Component units.	The activities of the Township that are not proprietary or fiduciary, such as general, ambulance, fire and debt.	Activities the Township operates similar to private businesses: the water and sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	> Statement of net assets > Statement of activities.	> Balance Sheet > Statement of revenues, expenditures, and changes in fund balances.	> Statement of net assets > Statement of revenues, expenditures, and changes in fund balances. > Statement of cash flows	> Statement of fiduciary net assets > Statement of changes in fiduciary net assets.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities, which is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities—Most of the Township's basic services are included here, such as general government, public safety, and public works.
- Business-type activities—The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds—not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Township Board establishes other funds to control and manage money for a particular purpose (i.e. cemetery) or to show that it is properly using certain taxes and grants (i.e. ambulance, special fire, debt retirement, and fire truck monies).

The Township has the following three kinds of funds:

- *Government Funds*—Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explain the relationship (or differences) between them.
- *Proprietary Funds*—Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary Funds*—The Township is the trustee, or fiduciary, for its property tax collections. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis Of The Township As A Whole

The Township's combined net assets were \$3,740,430. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental Activities	Business-Type Activities	Total 2008	Total 2007
Current Assets	\$ 1,392,061	\$ 1,447,401	\$ 2,839,462	\$ 1,857,151
Capital Assets	145,373	2,211,764	2,357,137	1,126,340
Total Assets	\$ 1,537,434	\$ 3,659,165	\$ 5,196,599	\$ 2,983,491
Accounts payable	\$ -	\$ 100,000	\$ 100,000	\$ -
Long-term debt outstanding	168,782	1,103,760	1,272,542	527,411
Other liabilities	-	83,627	83,627	113,499
Total Liabilities	\$ 168,782	\$ 1,287,387	\$ 1,456,169	\$ 640,910
Net Assets				
Invested in capital assets, net of related debt	\$ (23,409)	\$ 1,028,144	\$ 1,004,735	\$ 598,929
Unrestricted	1,392,061	1,343,634	2,735,695	1,743,652
Total Net Assets	\$ 1,368,652	\$ 2,371,778	\$ 3,740,430	\$ 2,342,581
Total Liabilities and Net Assets	\$ 1,537,434	\$ 3,659,165	\$ 5,196,599	\$ 2,983,491

Financial Analysis Of The Township As A Whole, concluded

The part of net assets that can be used to finance day to day operations has increased \$8,270 for the governmental activities and increased \$1,389,579 for the business-type activities. The current level of unrestricted net assets for governmental activities stands at \$1,392,061, or about 293% of fiscal 2008 expenditures. This is well above the targeted range set by many Township Boards of three to six months of operations.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, both for the government as a whole, as well as, for its separate governmental and business-type activities.

The following table shows the changes of the net assets as of the current date.

	Governmental Activities	Business-Type Activities	Total 2008	2007
Program Revenues				
Charges for services	\$ 33,302	\$ 22,656	\$ 55,958	\$ 89,138
Special Assessments	-	1,005,757	1,005,757	-
General Revenues				
Operating grants and contributions	-	377,000	377,000	-
Property Taxes	322,312	-	322,312	318,248
State Shared Revenues	142,072	-	142,072	141,596
Interest and Rentals	49,055	3,998	53,053	56,947
Special Item	-	-	-	120,615
Transfers	(68,321)	68,321	-	-
Miscellaneous	5,363	-	5,363	8,199
Total Revenues	<u>\$ 483,783</u>	<u>\$ 1,477,732</u>	<u>\$ 1,961,515</u>	<u>\$ 734,743</u>
Program Expenses				
General Government	154,435	-	154,435	136,288
Public Safety	160,149	-	160,149	213,374
Public Works	69,363	-	69,363	72,887
Water	-	70,567	70,567	31,228
Capital Outlay	70,186	-	70,186	70,186
Debt service	21,380	17,586	38,966	18,296
Total Expenses	<u>\$ 475,513</u>	<u>\$ 88,153</u>	<u>\$ 563,666</u>	<u>\$ 542,259</u>
Change in Net Assets	<u>\$ 8,270</u>	<u>\$ 1,389,579</u>	<u>\$ 1,397,849</u>	<u>\$ 192,484</u>

The Township's net assets continue to remain healthy and show revenue exceeding over expenditures.

Governmental Activities

The Township's governmental revenues increased from property taxes and interest while expenses increased largely for public safety expenses.

Business-Type Activities

The Township's business-type activities consist of the Water and Sewer Fund. We provide water to the Township residents from lines connected to Lake Township supply and sewage treatment through the GRSD Sewer Authority sewage treatment plant. In 2008, operating revenues increased by \$540,430 due to an increase in usage and tap-in fees from new lines installed down California, Maple, Weechik and Lynn Streets. Expenses increased by \$39,247 largely due to an increase in publishing fees for special public hearings.

The Township's Funds

Our analysis of the Township's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Township's major funds for 2008 included the General, Ambulance, Special Fire, Debt Retirement, and Fire Truck funds. The General Fund pays for most of the Township's governmental services, including legislative, public safety, and public works. The most significant is legislative, which incurred expenses of \$65,134 in 2008. The service is supported by general revenue sources of the General Fund.

Major Fund Budgetary Highlights

Over the course of the year, the Township Board amended the general, ambulance, and special fire fund budgets to take into account events during the year. The change in budget did not adjust total revenues only expenditures.

Capital Assets and Debt Administration

As of March 31, 2008, the Township had investment in capital assets for its governmental and business-type activities of \$2,357,137 (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Commission, along with the responsibility to maintain them. The Township chose not to retroactively report any other infrastructure assets, and will only report any additions prospectively in accordance with G.A.S.B. #34.

Long-Term Debt

At the end of the current fiscal year, the Township had debt outstanding of \$1,272,542. The debt is from a capital lease obligation of \$93,782 and a \$75,000 bond in the governmental activities. The \$1,103,760 obligations in business-type activities consists of \$834,000 to the USDA, \$197,725 on a CDBG Note, and \$72,035 to a bank, all used for sewer and water expansion projects.

Economic Factors and Next Year's Budgets and Rates

The Township expects revenue over expenditures in the governmental funds and the business-type activity funds will have positive cash flows.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008

	Primary Government		
	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 805,322	\$ 214,677	\$ 1,019,999
Investments	474,144	100,000	574,144
Trade Receivables, net	9,398	6,985	16,383
Special Assessment Receivable, net	-	1,022,937	1,022,937
Taxes Receivable	16,665	2,802	19,467
Grants Receivable	-	100,000	100,000
Internal Balances	83,627	-	83,627
Due From Fiduciary Fund	2,905	-	2,905
Capital Assets, Net	145,373	2,211,764	2,357,137
Total Assets	<u>\$ 1,537,434</u>	<u>\$ 3,659,165</u>	<u>\$ 5,196,599</u>
Liabilities			
Accounts Payable	\$ -	\$ 100,000	\$ 100,000
Internal Balances	-	83,627	83,627
Noncurrent liabilities			
Due Within One Year	93,782	37,044	130,826
Due in More Than One Year	75,000	1,066,716	1,141,716
Total Liabilities	<u>\$ 168,782</u>	<u>\$ 1,287,387</u>	<u>\$ 1,456,169</u>
Net Assets			
Invested in Capital Assets Net of Related Debt	\$ (23,409)	\$ 1,028,144	\$ 1,004,735
Unrestricted	1,392,061	1,343,634	2,735,695
Total Net Assets	<u>\$ 1,368,652</u>	<u>\$ 2,371,778</u>	<u>\$ 3,740,430</u>
Total Liabilities and Net Assets	<u>\$ 1,537,434</u>	<u>\$ 3,659,165</u>	<u>\$ 5,196,599</u>

The accompanying notes are an integral part of these financial statements

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government						
<i>Governmental Activities</i>						
General Government	\$ 154,435	\$ 26,497	\$ -	\$ (127,938)	\$ -	\$ (127,938)
Public Safety	160,149	6,805	-	(153,344)	-	(153,344)
Public works	69,363	-	-	(69,363)	-	(69,363)
Depreciation	70,186	-	-	(70,186)	-	(70,186)
Interest on long-term debt	21,380	-	-	(21,380)	(17,586)	(38,966)
Total Governmental Activities	<u>\$ 475,513</u>	<u>\$ 33,302</u>	<u>\$ -</u>	<u>\$ (442,211)</u>	<u>\$ (17,586)</u>	<u>\$ (459,797)</u>
<i>Business-Type Activities</i>						
Water and Sewer	\$ 70,567	\$ 22,656	\$ 377,000		\$ 329,089	\$ 329,089
Total Business-Type Activities	<u>\$ 70,567</u>	<u>\$ 22,656</u>	<u>\$ 377,000</u>		<u>\$ 329,089</u>	<u>\$ 329,089</u>
Total Primary Government	<u>\$ 546,080</u>	<u>\$ 55,958</u>	<u>\$ 377,000</u>	<u>\$ (442,211)</u>	<u>\$ 311,503</u>	<u>\$ (130,708)</u>
General Revenues						
Property Taxes				\$ 322,312	\$ -	\$ 322,312
State Shared Revenues				142,072	-	142,072
Special Assessments				-	1,005,757	1,005,757
Interest and Rents				49,055	3,998	53,053
Transfers				(68,321)	68,321	-
Miscellaneous				5,363	-	5,363
Total General Revenues				<u>\$ 450,481</u>	<u>\$ 1,078,076</u>	<u>\$ 1,528,557</u>
Change in net assets				\$ 8,270	\$ 1,389,579	\$ 1,397,849
Net Assets-Beginning				1,360,382	982,199	2,342,581
Net Assets-Ending				<u>\$ 1,368,652</u>	<u>\$ 2,371,778</u>	<u>\$ 3,740,430</u>

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2008

	General Fund	Ambulance Fund	Special Fire Fund	Debt Retirement Fund	Fire Truck Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 516,471	\$ 121,048	\$ 125,031	\$ 18,088	\$ 21,249	\$ 3,435	\$ 805,322
Investments	305,471	71,885	-	-	-	96,788	474,144
Receivables, trade	-	9,398	-	-	-	-	9,398
Taxes receivables	2,805	4,173	5,621	856	3,210	-	16,665
Due from proprietary fund	79,860	-	-	3,767	-	-	83,627
Due from other governmental funds	-	-	10,462	-	(10,462)	-	-
Due from fiduciary funds	2,905	-	-	-	-	-	2,905
Total Assets	<u>\$ 907,512</u>	<u>\$ 206,504</u>	<u>\$ 141,114</u>	<u>\$ 22,711</u>	<u>\$ 13,997</u>	<u>\$ 100,223</u>	<u>\$ 1,392,061</u>
Liabilities and Fund Equity							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Payroll Liabilities	-	-	-	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-	-
Due to proprietary fund	-	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance							
Reserved	\$ -	\$ 198,779	\$ 105,683	\$ 22,711	\$ 13,997	\$ -	\$ 341,170
Unreserved:							
Designated	328,714	7,725	35,431	-	-	-	371,870
Undesignated	578,798	-	-	-	-	100,223	679,021
Total Fund Equity	<u>\$ 907,512</u>	<u>\$ 206,504</u>	<u>\$ 141,114</u>	<u>\$ 22,711</u>	<u>\$ 13,997</u>	<u>\$ 100,223</u>	<u>\$ 1,392,061</u>
Total Liabilities and Fund Equity	<u>\$ 907,512</u>	<u>\$ 206,504</u>	<u>\$ 141,114</u>	<u>\$ 22,711</u>	<u>\$ 13,997</u>	<u>\$ 100,223</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

* Capital assets used in governmental activities are not financial resources and are not reported in the funds

* Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Net Assets of Governmental Activities

145,373
(168,782)
\$ 1,368,652

The accompanying notes are an integral part of these financial statements

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2008**

	General Fund	Ambulance Fund	Special Fire Fund	Debt Retirement Fund	Fire Truck Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 56,129	\$ 84,567	\$ 65,060	\$ 15,845	\$ 100,711	\$ -	\$ 322,312
Licenses and Permits	6,805	-	-	-	-	-	6,805
State Shared Revenues	142,072	-	-	-	-	-	142,072
Charges for Services	5,014	18,658	1,300	-	-	1,525	26,497
Interest and Rents	36,512	5,206	3,372	571	340	3,054	49,055
Other Revenues	4,752	144	467	-	-	-	5,363
Total Revenues	<u>\$ 251,284</u>	<u>\$ 108,575</u>	<u>\$ 70,199</u>	<u>\$ 16,416</u>	<u>\$ 101,051</u>	<u>\$ 4,579</u>	<u>\$ 552,104</u>
Expenditures							
Current							
General Government	\$ 154,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,435
Public Safety	24,786	77,471	57,892	-	-	-	160,149
Public Works	69,363	-	-	-	-	-	69,363
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 248,584</u>	<u>\$ 77,471</u>	<u>\$ 57,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,947</u>
Excess (Deficit) of Revenues Over(Under) Expenditures	<u>\$ 2,700</u>	<u>\$ 31,104</u>	<u>\$ 12,307</u>	<u>\$ 16,416</u>	<u>\$ 101,051</u>	<u>\$ 4,579</u>	<u>\$ 168,157</u>
Other Financing Sources (Uses)							
Operating transfers out	\$ (68,321)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (68,321)
Principal payments	-	-	-	(40,000)	(89,268)	-	(129,268)
Interest and fees	(7,141)	-	-	(6,543)	(7,696)	-	(21,380)
Total Other Financing Sources(Uses)	<u>\$ (75,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,543)</u>	<u>\$ (96,964)</u>	<u>\$ -</u>	<u>\$ (218,969)</u>
Excess (Deficit) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (72,762)</u>	<u>\$ 31,104</u>	<u>\$ 12,307</u>	<u>\$ (30,127)</u>	<u>\$ 4,087</u>	<u>\$ 4,579</u>	<u>\$ (50,812)</u>
Fund Balance-Beginning of Year	<u>980,274</u>	<u>175,400</u>	<u>128,807</u>	<u>52,838</u>	<u>9,910</u>	<u>95,644</u>	
Fund Balance-End of Year	<u>\$ 907,512</u>	<u>\$ 206,504</u>	<u>\$ 141,114</u>	<u>\$ 22,711</u>	<u>\$ 13,997</u>	<u>\$ 100,223</u>	

Amounts reported for governmental activities in the statement of activities are different because:

- * Governmental funds report capital outlay as expenditures: in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.
- * Repayments of bond and note principal is and expenditure in the government funds, but not in the statement of activities (where it reduces long-term debt).

Change in Net Assets of Governmental Activities

(70,186)

129,268

\$ 8,270

The accompanying notes are an integral part of these financial statements

Assets

Current Assets

Cash and Cash Equivalents	\$ 214,677
Investments	100,000
Receivables, net	6,985
Taxes receivables	2,802
Grants receivable	100,000
Total Current Assets	<u>\$ 424,464</u>

Noncurrent Assets

Capital Assets, net	\$ 2,211,764
Special assessment receivable	1,022,937
Total Noncurrent Assets	<u>\$ 3,234,701</u>

Total Assets

\$ 3,659,165

Liabilities

Current Liabilities

Accounts Payable	\$ 100,000
Due to governmental funds	83,627
Notes payable, current	37,044
Total Current Liabilities	<u>\$ 220,671</u>

Long-term liabilities:

Notes payable, less current portion	1,066,716
Total Liabilities	<u><u>\$ 1,287,387</u></u>

Net Assets

Invested in Capital Assets Net of Related Debt	\$ 1,028,144
Unrestricted	1,343,634
Total Net Assets	<u>\$ 2,371,778</u>
Total Liabilities and Net Assets	<u><u>\$ 3,659,165</u></u>

The accompanying notes are an integral part of these financial statements

**PROPRIETARY FUND STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008**

Operating Revenues

Charges for services	\$ 22,656
Special assessments	1,005,757
Total Operating Revenues	<u>\$ 1,028,413</u>

Operating Expenses

Waste removal costs	\$ 5,157
Electric	984
Office Expense	828
Repairs and Maintenance	2,863
Insurance	416
Depreciation	60,319
Total Operating Expenses	<u>\$ 70,567</u>

Operating Income

\$ 957,846

Nonoperating Revenues(Expenses)

Interest income	\$ 3,998
Interest expense	(17,586)
Grants received	477,000
Grants paid	(100,000)
Transfers in	68,321
Total Nonoperating Revenues(Expenses)	<u>\$ 431,733</u>

Change in Net Assets

\$ 1,389,579

Total Net Assets-Beginning of Year

982,199

Total Nets Assets-End of Year

\$ 2,371,778

The accompanying notes are an integral part of these financial statements

**PROPRIETARY FUND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008**

	Proprietary <u>Funds</u>
Cash Flows From Operating Activities	
Receipts from Customers	\$ 161,401
Payments to Suppliers	(15,246)
Net Cash Provided by Operating Activities	<u>\$ 146,155</u>
Cash Flows From Noncapital Financing Activities	
Interest paid	\$ (17,586)
Non-operating grants, net	377,000
Net transfers from other funds	68,321
Net cash provided by noncapital financing activities	<u>\$ 427,735</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	\$ (467,407)
Principal paid on Capital Debt	(39,636)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (507,043)</u>
Cash Flow From Investing Activities	
Purchase of investments	\$ (100,000)
Interest and Dividends on Investments	3,998
Net Cash Used by Capital and Related Financing Activities	<u>\$ (96,002)</u>
Net Decrease in Cash and Cash Equivalents	\$ (29,155)
Cash and Cash Equivalents-Beginning of Year	<u>243,832</u>
Cash and Cash Equivalents-End of Year	<u><u>\$ 214,677</u></u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$ 957,846
<i>Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities</i>	
Depreciation Expense	60,319
<i>Change in Assets and Liabilities</i>	
Receivables, net	(880)
Special assessment receivable	(868,312)
Taxes receivable	2,180
Due from governmental funds	41
Accounts Payable	(5,039)
Net Cash Provided by Operating Activities	<u><u>\$ 146,155</u></u>
Supplemental Disclosures of Non-Cash Investing and Financing Activities:	
Acquisition and construction of capital assets with debt proceeds	<u><u>\$ 914,035</u></u>

The accompanying notes are an integral part of these financial statements

**FIDUCIARY FUND-STATEMENT OF NET ASSETS
MARCH 31, 2008**Agency Fund for
Property Taxes**Assets**

Cash and cash equivalents	\$ 2,905
Total Assets	<u>\$ 2,905</u>

Liabilities

Due to governmental funds	\$ 2,905
Total Liabilities	<u>\$ 2,905</u>

The accompanying notes are an integral part of these financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Weesaw Township (the “Township”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Township’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member council (“Board”). The accompanying financial statements present the government and its component units, entities for which the Township is considered to be financially accountable. These criteria, established under GASB #39, include significant operational financial relationships that determine which of the governmental organizations are a part of the Township’s reporting entity, and which organizations are legally separate, component units of the Township. See the following criteria and descriptions for the component units reported:

Blended Component Units—A blended component unit is legally separate entity from the Township, but is to intertwined with the unit that it is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. There were no such units at March 31, 2008.

Discretely Presented Component Units—A discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit’s financial statements to be misleading or incomplete. There were no such units at March 31, 2008.

Jointly Governed Organizations—The Township did not have any such involvement at March 31, 2008.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, Concluded**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The Ambulance Fund is the Township's public safety fund whose financial resources are specifically set aside for ambulance services.

The Special Fire Fund is the Township's public safety fund whose financial resources are specifically set aside for fire services.

The Debt Retirement Fund is the Township's debt service fund whose financial resources are specifically set aside for principal and interest payments on the Township's debt.

The Fire Truck Fund is the Township's fund whose financial resources are specifically set aside for the purchase of fire trucks.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, state revenue, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue included: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sewer services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (i.e. labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, concluded****Property Taxes**

The Township's property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 15th of the succeeding year. The Township's 2007 ad valorem tax is levied and collectible on December 1st, 2007 and it is recognized as revenue in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used and pay liabilities of the current period (60 days.)

The 2007 taxable valuation of the Township totaled approximately \$65 million, on which ad valorem taxes levied which consisted of .8511 mills for Township's operating purposes; 1.2992 mills for ambulance services; .9994 mills for special fire services; and 1.75 mills for fire truck purchases.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments — Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value and consist of only certificates of deposit greater than 90 days.

Receivables and Payables — In general, outstanding balances between funds are reported as "due to/from other funds". Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "operating transfers to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items — certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund financial statements.

Capital Assets — Capital assets, which include land, buildings, equipment, and vehicles, are reported in the Government-wide and business-type activities. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**D. Assets, Liabilities, and Net Assets or Equity, continued**

Buildings, equipment, and water and sewer lines of the Government-wide and business-type activities are depreciated using the straight-line method over the following useful lives:

Water and sewer lines	40-50 years
Building Improvements	15-30 years
Buildings	20-50 years
Land Improvements	10-20 years
Vehicles	3-5 years
Office equipment	5-7 years
Computer equipment	3-7 years

Compensated Absences — The Township does not compensate employees for any absences (i.e. there are no vacation or sick days). As a result, there is not liability with regards to vacation or sick days.

Long-Term Obligations — In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance — In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Township's designated funds consist of the following:

Budget Deficits for fiscal 2009:

General Fund	\$328,714	Ambulance Fund	\$7,725
Special Fire Fund	\$35,431		

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Liabilities, and Net Assets or Equity, concluded**

Extraordinary and Special Items — Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence.

Comparative Data — Comparative data is not included in the government's financial statements.

Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information — Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental major funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing April 1st and public hearings are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

The budget document presents information by fund, function. The legal level of budgetary control adopted by the government board (i.e. level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1st. Expenditures in excess of the amounts budgeted is a violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. There was one amendment during the fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year. There were no encumbrances at year-end.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

Excess of Expenditures Over Appropriations in Budgeted Funds — The Township had the following expenditure budget variances.

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance</u>
General Fund			
Drains	\$ 14,278	\$ 10,000	\$ (4,278)
Operating Transfer Out	\$ 68,321	\$ -	\$ (68,321)
Debt Retirement Fund			
Principal retirements	\$ 40,000	\$ 9,000	\$ (31,000)
Fire Truck Fund			
Principal and interest payments	\$ 96,964	\$ 96,000	\$ (964)

Fund Deficits—The Township has no accumulated fund balance/net assets deficits in their reported funds.

NOTE 3. DEPOSITS AND INVESTMENTS

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents	\$ 805,325	\$ 214,677	\$ 1,020,002	\$ 2,905
Investments (CD's>90days)	474,144	100,000	574,144	-
	<u>\$ 1,279,469</u>	<u>\$ 314,677</u>	<u>\$ 1,594,146</u>	<u>\$ 2,905</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings accounts)	\$ 1,022,907
Certificate of deposits	574,144
Petty cash and cash on hand	-
	<u>\$ 1,597,051</u>

Custodial Credit Risk-Deposits:

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, the Township had \$1,802,352 in bank balances of which \$1,702,352 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Investments:

Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

who are members of the FDIC of FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker's acceptance of the United States Bank; and 6) Certain mutual funds.

Investments, Concluded:

The Township has put further restrictions on those investments through its current policy, and the following investments are permitted by law and policy.

	Investment Maturities				
	<u>Fair Value</u>	<u>Current Value</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>More than 10</u>
Certificate of Deposits	<u>\$ 574,144</u>	<u>\$ 574,144</u>	<u>\$ 574,144</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk:

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. This is accomplished by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit Risk:

State law limits investments in commercial paper and corporate bonds to prime or better ratings issued by nationally recognized statistical rating organizations (NRSRO's). As of March 31, 2008, the Township had no such investments.

Concentration of Credit Risk:

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security issuer will be minimized. As of March 31, 2008, the Township had no such investments.

Custodial Credit Risk-Investments:

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by law, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business. As of March 31, 2008, the Township had no such investments.

Foreign Currency Risk:

The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of inter-fund receivables, payables and transfer, none of which are unusual or inconsistent for the fund, for the year ended March 31, 2008 are as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
Debt Retirement	Proprietary Fund	\$ 3,767
General	Proprietary Fund	79,860
General	Fiduciary	2,950

The interfund receivable/payable amount of \$79,860 were advances from the general fund to the water/sewer fund to help finance the water line expansions and will be repaid with special assessment taxes. The \$3,767 was property tax money collected for the Baldwin Debt Retirement Fund but deposited into the Proprietary Fund.

Interfund Transfers

Transfer In:	Transfer Out:	Amount
Proprietary Fund	General Fund	\$ 68,321

The transfer was board approved to help fund the new water line expansion projects for California, Maple, Weechik and Lynn Streets.

NOTE 5. RECEIVABLES AND PAYABLES

Receivables as of March 31, 2008, for the Township's individual major funds, non-major funds, proprietary funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	Governmental Activities	Business Type Activities	Total	Due Within One Year
Receivables:				
Special Assessment	\$ -	\$ 1,022,937	\$ 1,022,937	\$ -
Taxes	16,665	2,802	19,467	19,467
Trade	9,398	6,985	16,383	16,383
	<u>\$ 26,063</u>	<u>\$ 1,032,724</u>	<u>\$ 1,058,787</u>	<u>\$ 35,850</u>

NOTE 5. RECEIVABLES AND PAYABLES, CONCLUDED

Payables as of year-end for the Township's governmental and business-type activities represent normal trade payables and payroll withholdings as follows:

	Governmental Activities	Business Type Activities	Total	Due Within One Year
Payables:				
Trade	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

NOTE 6. POST EMPLOYMENT BENEFITS

The Township does not provide post employment benefits for any of its employees.

NOTE 7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Township obtains general liability insurance to cover those risks at a cost it considers to be economically justifiable.

The Township also carries commercial insurance for all other risks of loss, including workers' compensation, employee health and accident insurance, and errors and omissions. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage.

NOTE 8. SCHEDULE OF REVENUES AND EXPENDITURES FOR CONSTRUCTION ENFORCING AGENCIES

The Township charges fees for the inspection of electrical permits. These fees charged are not intended to recover the full cost of the enforcing agency and the related revenues and costs are tracked within the general fund. Pursuant to Public Act 245 of 1999, the following schedule shows the breakdown of the related revenues and expenditures:

	For the Year Ended 3/31/2008
Revenues	\$ 6,805
Expenditures	(6,805)
Revenues over Expenditures	<u>\$ -</u>

NOTE 9. OPERATING LEASES

The Township did not have any operating leases during the year.

NOTE 10. LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of sewer and water lines and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

	Interest Rate	Principal Matures	Beginning Balance	Net Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities:						
Baldwin/Sewer Road Sewer Bond	5.6% to 6.5%	2/1/2017	\$ 115,000	\$ (40,000)	\$ 75,000	\$ -
Capital Lease Obligation	4.124%	4/8/2009	183,050	(89,268)	93,782	93,782
Total bonds and notes payable			\$ 298,050	\$ (129,268)	\$ 168,782	\$ 93,782
Business Type Activities:						
MI Strategic CDBG Program Note	0.00%	7/1/2013	\$ 229,361	\$ (31,636)	\$ 197,725	\$ 23,727
5/3 Bank Note	4.90%	10/1/2022	-	72,035	72,035	4,317
USDA Loan	5.125%	4/1/2047	-	834,000	834,000	9,000
Total bonds and notes payable			\$ 229,361	\$ 874,399	\$ 1,103,760	\$ 37,044
Total Long-term debt and other			\$ 527,411	\$ 745,131	\$ 1,272,542	\$ 130,826

Annual debt service requirements to maturity for the above long-term debt are as follows:

Year Ended March 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 93,782	\$ 9,644	\$ 37,044	\$ 3,424
2010	-	5,183	44,115	3,233
2011	2,000	4,605	45,286	3,058
2012	12,000	4,022	45,465	2,875
2013	12,000	3,380	45,653	2,683
2014-2018	49,000	7,604	129,686	8,614
2019-2023	-	-	101,511	6,040
2024-2028	-	-	89,000	-
2029-2033	-	-	110,000	-
2034-2038	-	-	135,000	-
2039-2043	-	-	165,000	-
2043-2044	-	-	156,000	-
Total	\$ 168,782	\$ 34,438	\$ 1,103,760	\$ 29,927

Interest expense of \$14,239 was charged to the governmental activities and \$17,586 of interest expense was charged to operations for the business type activities fund.

NOTE 11. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated				
Buildings and building improvements	\$ 20,000	\$ -	\$ -	\$ 20,000
Vehicles	590,553	-	-	590,553
Subtotal	\$ 610,553	\$ -	\$ -	\$ 610,553
Less: Accumulated Depreciation	(399,994)	(70,186)	-	(470,180)
Net Capital Assets Being Depreciated	\$ 210,559	\$ (70,186)	\$ -	\$ 140,373
Governmental activities total capital assets-net of depreciation	<u>\$ 215,559</u>			<u>\$ 145,373</u>

Depreciation of \$70,186 was unallocated, as the assets were used by various functions.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Construction in progress	\$ 158,230	\$ -	\$ (158,230)	\$ -
Capital assets being depreciated				
Water and sewer lines	\$ 893,236	\$ 1,519,532	\$ -	\$ 2,412,768
Less: Accumulated Depreciation	(140,685)	(60,319)	-	(201,004)
Net capital assets being depreciated	\$ 752,551	\$ 1,459,213	\$ -	\$ 2,211,764
Business-Type Activities total capital assets-net of depreciation	<u>\$ 910,781</u>			<u>\$ 2,211,764</u>

Depreciation for the year was \$60,319 and booked as an operating expense.

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 52,876	\$ 52,876	\$ 56,129
Licenses and permits	3,500	3,500	6,805
State shared revenues	141,523	141,523	142,072
Charges for services	1,085	1,085	5,014
Interest and rents	20,000	20,000	36,512
Other revenues	-	-	4,752
Total Revenues	\$ 218,984	\$ 218,984	\$ 251,284
Expenditures			
Current:			
General government:			
Legislative	\$ 106,250	\$ 105,050	\$ 65,134
Supervisor's office	15,500	15,500	11,010
Treasurer's office	22,800	22,800	15,173
Elections	14,300	14,300	1,895
Assessor	13,350	13,350	11,729
Clerk's office	20,000	20,000	14,807
Cemetery	67,150	67,150	34,687
Public safety			
Board of review	2,500	2,500	1,279
Zoning administrator	33,950	33,950	23,296
Zoning board and appeals	1,520	1,520	211
Public works			
Roads	40,000	46,805	46,805
Building Inspector	15,000	15,000	1,479
Parks maintenance and improvements	50,500	50,500	1,429
Highway lighting	5,500	5,500	5,070
Water/refuse collection	1,250	1,250	302
Drains	10,000	10,000	14,278
Debt service	-	7,141	7,141
Capital outlay	100,000	100,000	-
Total Expenditures	\$ 519,570	\$ 532,316	\$ 255,725
Deficit of Revenues under Expenditures b/f other financing uses	\$ (300,586)	\$ (313,332)	\$ (4,441)
Other Financing uses			
Operating transfers out	-	-	(68,321)
Deficit of Revenues under Expenditures and Other Financing uses	\$ (300,586)	\$ (313,332)	\$ (72,762)
Fund Balances - Beginning of year	980,274	980,274	980,274
Fund Balances - End of year	\$ 679,688	\$ 666,942	\$ 907,512

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — AMBULANCE FUND
MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 60,535	\$ 60,535	\$ 84,567
Charges for services	30,000	30,000	18,658
Interest and rents	2,500	2,500	5,206
Miscellaneous	1,000	1,000	144
Total Revenues	<u>\$ 94,035</u>	<u>\$ 94,035</u>	<u>\$ 108,575</u>
Expenditures			
Current:			
Public safety			
Ambulance	\$ 105,378	\$ 105,378	\$ 77,471
Capital outlay	-	-	-
Total Expenditures	<u>\$ 105,378</u>	<u>\$ 105,378</u>	<u>\$ 77,471</u>
Excess(Deficit) of revenues over (under)			
expenditures	\$ (11,343)	\$ (11,343)	\$ 31,104
Fund Balances - Beginning of year	175,400	175,400	175,400
Fund Balances - End of year	<u>\$ 164,057</u>	<u>\$ 164,057</u>	<u>\$ 206,504</u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — SPECIAL FIRE FUND
MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 61,128	\$ 61,128	\$ 65,060
Charges for services	-	-	1,300
Interest and rents	2,000	2,000	3,372
Miscellaneous	-	-	467
Total Revenues	<u>\$ 63,128</u>	<u>\$ 63,128</u>	<u>\$ 70,199</u>
Expenditures			
Current:			
Public Safety	\$ 93,330	\$ 93,330	\$ 57,892
Total Expenditures	<u>\$ 93,330</u>	<u>\$ 93,330</u>	<u>\$ 57,892</u>
Excess(Deficit) of revenues over (under) expenditures	\$ (30,202)	\$ (30,202)	\$ 12,307
Fund Balances - Beginning of year	128,807	128,807	128,807
Fund Balances - End of year	<u><u>\$ 98,605</u></u>	<u><u>\$ 98,605</u></u>	<u><u>\$ 141,114</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — DEBT RETIREMENT FUND
MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 18,558	\$ 18,558	\$ 15,845
Interest and rents	500	500	571
Total Revenues	<u>\$ 19,058</u>	<u>\$ 19,058</u>	<u>\$ 16,416</u>
Expenditures			
Principal retirements	\$ 9,000	\$ 9,000	\$ 40,000
Interest and fiscal charges	8,000	8,000	6,543
Total Expenditures	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 46,543</u>
Excess(Deficit) of revenues over (under) expenditures	\$ 2,058	\$ 2,058	\$ (30,127)
Fund Balances - Beginning of year	52,838	52,838	52,838
Fund Balances - End of year	<u><u>\$ 54,896</u></u>	<u><u>\$ 54,896</u></u>	<u><u>\$ 22,711</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE — FIRE TRUCK FUND
MARCH 31, 2008

	Original Budget	Final Amended Budget	Actual
Revenues			
Property taxes	\$ 88,500	\$ 88,500	\$ 100,711
Interest and rents	500	500	340
Total Revenues	<u>\$ 89,000</u>	<u>\$ 89,000</u>	<u>\$ 101,051</u>
Expenditures			
Current:			
Public safety			
Fire	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ 89,000</u>	<u>\$ 89,000</u>	<u>\$ 101,051</u>
Other Financing Sources(Uses)			
Proceeds from borrowings	\$ -	\$ -	\$ -
Principal and interest payments	96,000	96,000	96,964
Total Other Financing Sources(Uses)	<u>\$ 96,000</u>	<u>\$ 96,000</u>	<u>\$ 96,964</u>
Excess(Deficit) of revenues over (under) expenditures and other financing sources(uses)	\$ (7,000)	\$ (7,000)	\$ 4,087
Fund Balances - Beginning of year	9,910	9,910	9,910
Fund Balances - End of year	<u>\$ 2,910</u>	<u>\$ 2,910</u>	<u>\$ 13,997</u>

OTHER SUPPLEMENTAL INFORMATION

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS
MARCH 31, 2008

	Cemetery <u>Fund</u>	Total Non-Major Governmental <u>Funds</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 3,435	\$ 3,435
Investments	96,788	96,788
Total Assets	<u>\$ 100,223</u>	<u>\$ 100,223</u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balance		
Unreserved:		
Designated	\$ -	\$ -
Undesignated	100,223	100,223
Total Fund Equity	<u>\$ 100,223</u>	<u>\$ 100,223</u>
Total Liabilities and Fund Equity	<u>\$ 100,223</u>	<u>\$ 100,223</u>

WEESAW TOWNSHIP**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008**

	Cemetery <u>Fund</u>	Total Non-Major Governmental <u>Funds</u>
Revenues		
Charges for Services	\$ 1,525	\$ 1,525
Interest and Rentals	3,054	3,054
Total Revenues	<u>\$ 4,579</u>	<u>\$ 4,579</u>
Expenditures		
Bank service Charges	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	\$ 4,579	\$ 4,579
Fund Balance-Beginning of Year	95,644	95,644
Fund Balance-End of Year	<u><u>\$ 100,223</u></u>	<u><u>\$ 100,223</u></u>

WEESAW TOWNSHIP

**COMBINING STATEMENT OF NET ASSETS
– PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	Water & Sewer Fund	CA - Maple - Wee Chik St. Water Project	Lynn Street Water Project	Total Proprietary Funds
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 139,955	\$ 47,042	\$ 27,680	\$ 214,677
Investments	100,000	-	-	100,000
Receivables, net	6,985	-	-	6,985
Taxes receivables	2,322	-	480	2,802
Grants Receivable	100,000	-	-	100,000
Total Current Assets	<u>\$ 349,262</u>	<u>\$ 47,042</u>	<u>\$ 28,160</u>	<u>\$ 424,464</u>
Noncurrent Assets				
Capital Assets, net	\$ 2,007,326	\$ 116,864	\$ 87,574	\$ 2,211,764
Special assessment receivable	933,870	35,281	53,786	1,022,937
Total Noncurrent Assets	<u>\$ 2,941,196</u>	<u>\$ 152,145</u>	<u>\$ 141,360</u>	<u>\$ 3,234,701</u>
Total Assets	<u><u>\$ 3,290,458</u></u>	<u><u>\$ 199,187</u></u>	<u><u>\$ 169,520</u></u>	<u><u>\$ 3,659,165</u></u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 100,000	\$ -	\$ -	100,000
Due to governmental funds	3,767	79,860	-	83,627
Notes payable, current	32,727	-	4,317	37,044
Total Current Liabilities	<u>\$ 136,494</u>	<u>\$ 79,860</u>	<u>\$ 4,317</u>	<u>\$ 220,671</u>
Long-term liabilities:				
Notes payable, less current portion	998,998	-	67,718	1,066,716
Total Liabilities	<u><u>\$ 1,135,492</u></u>	<u><u>\$ 79,860</u></u>	<u><u>\$ 72,035</u></u>	<u><u>\$ 1,287,387</u></u>
Net Assets				
Invested in Capital Assets Net of Related Debt	\$ 975,601	\$ 37,004	\$ 15,539	\$ 1,028,144
Unrestricted	1,179,365	82,323	81,946	1,343,634
Total Net Assets	<u><u>\$ 2,154,966</u></u>	<u><u>\$ 119,327</u></u>	<u><u>\$ 97,485</u></u>	<u><u>\$ 2,371,778</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,290,458</u></u>	<u><u>\$ 199,187</u></u>	<u><u>\$ 169,520</u></u>	<u><u>\$ 3,659,165</u></u>

WEESAW TOWNSHIP

**COMBINING STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN NET ASSETS – PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	Water & Sewer Fund	CA - Maple - Wee Chik St. Water Project	Lynn Street Water Project	Total Proprietary Funds
Operating Revenues				
Charges for services	\$ 22,656	\$ -	\$ -	\$ 22,656
Special assessments	851,399	82,323	72,035	1,005,757
Total Operating Revenues	<u>\$ 874,055</u>	<u>\$ 82,323</u>	<u>\$ 72,035</u>	<u>\$ 1,028,413</u>
Operating Expenses				
Waste removal costs	\$ 5,157	\$ -	\$ -	\$ 5,157
Electric	984	-	-	984
Office Expense	-	-	828	828
Repairs and Maintenance	2,863	-	-	2,863
Insurance	416	-	-	416
Depreciation	55,077	2,996	2,246	60,319
Total Operating Expenses	<u>\$ 64,497</u>	<u>\$ 2,996</u>	<u>\$ 3,074</u>	<u>\$ 70,567</u>
Operating Income	<u>\$ 809,558</u>	<u>\$ 79,327</u>	<u>\$ 68,961</u>	<u>\$ 957,846</u>
Nonoperating Revenues(Expenses)				
Interest income	\$ 3,795	\$ -	\$ 203	\$ 3,998
Interest expense	(17,586)	-	-	(17,586)
Grants received	477,000	-	-	477,000
Grants paid	(100,000)	-	-	(100,000)
Transfers in	-	40,000	28,321	68,321
Total Nonoperating Revenues(Expenses)	<u>\$ 363,209</u>	<u>\$ 40,000</u>	<u>\$ 28,524</u>	<u>\$ 431,733</u>
Change in Net Assets	<u>\$ 1,172,767</u>	<u>\$ 119,327</u>	<u>\$ 97,485</u>	<u>\$ 1,389,579</u>
Total Net Assets-Beginning of Year	<u>982,199</u>	<u>-</u>	<u>-</u>	<u>982,199</u>
Total Nets Assets-End of Year	<u><u>\$ 2,154,966</u></u>	<u><u>\$ 119,327</u></u>	<u><u>\$ 97,485</u></u>	<u><u>\$ 2,371,778</u></u>

**SINGLE AUDIT
INFORMATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2008

Federal Grantor/Pass Through Grantor/Program Title	Federal C.F.D.A. #	Source Code and Project Number	Approved Grant/Loan Award Amount	Current Year Expenditures	Note
<i>U.S. Department of Agriculture</i>					
Pass-Through Program from Rural Utilities Service Water and Waste Disposal Systems for Rural Communities - Loan	10.760	n/a	\$ 847,000	\$ 842,000	1
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	n/a	\$ 377,000	\$ 377,000	
<i>Department of Housing and Urban Development</i>					
Pass-Through MI Strategic Fund CDBG Grant	14.228	MSC 207005-EDIG	\$ 100,000	\$ 100,000	
Total Federal Assistance				<u>\$ 1,319,000</u>	

Notes:

1. Weesaw Township received a federal loan in the fiscal year ending March 31, 2008, in the amount of \$847,000. As of March 31, 2008, the Township had drawdown \$842,000. The outstanding balance at March 31, 2008, is \$834,000.

Financial Statements

Type of auditors report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes☒ NoReportable conditions(s) identified that are
not considered to be material weakness(es)?☒ Yes☐ none reportedNoncompliance material to financial statements
noted?☐ Yes☒**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

☐ Yes☒ NoReportable conditions(s) identified that are
not considered to be material weakness(es)?☐ Yes☒ none reportedType of auditors report issued on compliance for
major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with §510(a) of OMB Circular A-133?☐ Yes☒ No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster

10.760

Water and waste disposal systems for rural communities

Dollar threshold used to distinguish between type A and
type B programs:\$300,000

Auditee qualified as low-risk auditee?

☐ Yes☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2008-1.

Specific Requirement: Establishment and maintenance of internal controls over the financial reporting process.

Condition: Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the Township does understand all information included in the annual financial statements, but obtains assistance in the preparation.

Criteria: Internal controls should be in place to provide reasonable assurance to the Township that management prepare, monitor, and report annual financial activity without auditor intervention.

Effect of Condition: The effect of this condition places a reliance on the independent auditor to be part of the Township's internal controls over financial reporting.

Recommendation: The Township should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Planned Action: As a result of the state of educational funding, the Township has not allocated resources to fund this process and duplication of expertise services is cost prohibitive. We intend to re-evaluate once funding becomes available for the additional education and monitoring, and continue to rely on the high-level of expertise and knowledge from our auditors

Questioned Cost: Unknown.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the current year.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The accompanying schedule of expenditures of federal awards is a summary of the cash activity of Weesaw Township's (the Township) federal award programs and also presents those transactions that would be included in the financial statements of the Township presented on the accrual basis of accounting, as contemplated by U.S. generally accepted accounting principles.

NOTE 2. EXPENDITURES AND FINANCIAL REPORTS

The expenditures in this schedule of federal financial awards are considered necessary and reasonable for the proper administration of the related programs and are in agreement with the amounts reported in the financial statements. The financial reports that have been submitted are timely, complete, accurate, and contain information that is supported by the records from which the basic financial statements have been prepared.



To the Board Members and Management
Of Weesaw Township

In planning and performing our audit of the financial statements of Weesaw Township (the "Township") as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Weesaw Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Preparation of Financial Statements

Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Responsibility for the financial statements of the Township rests with the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

It has historically been common for many small to medium-sized governments to rely on the independent auditors to assist in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. As a result, a Township's ability to prepare financial statements in accordance with GAAP has typically been based, in part, on its reliance on the independent auditors. By definition, independent auditors cannot be part of the government's internal controls.

The condition noted in the preceding paragraph exists at Weesaw Township. The cause for this condition is simply because it is more cost effective to outsource the preparation of its annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally.

As a result of this condition, the employees and/or management do not possess the qualifications necessary to prepare the Township's annual financial statements and notes to the financial statements in accordance with GAAP. The Township relies, in part on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP.

We recommend the Township consider obtaining the proper training for the appropriate staff members to assure that they are able to fully understand what goes into the preparation of the annual audited financial statements and so that they can take responsibility for the preparation of the annual audited financial statements, assure there are no material misstatements, and assure there are appropriate disclosures in accordance with accounting principles generally accepted in the United States of America.

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Segregation of Duties

During our consideration and assessment of fraud risk, we noted that the Township may not have sufficient segregation of duties in its accounting structure. Specifically, we noted that the same individual who is responsible for preparing bank reconciliations makes bank deposits and maintains the computerized general ledger, including the preparation and recording of journal entries. The intent of internal control is to assure that no one individual is able to control all aspects of a transaction cycle (i.e., receipts, disbursements, etc.).

While a lack of appropriate segregation of duties is a common occurrence in small organizations due to the limited number of employees, the Township should realize that a greater risk in safeguarding assets exists if duties and responsibilities are not appropriately arranged and separated.

We recommend that the Township review various areas of operation and consider additional segregation of duties. If duties cannot be adequately segregated due to the limited number of employees, we suggest the Board provide a greater review and supervision of accounting functions and procedures. We also recommend that in the future when the Township is adopting new or modifying existing financial policies that they consider the issue of fraud and assure that the policy discusses ways that will prevent, deter, and detect fraud within the area the policy is addressing.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described above are not material weaknesses.

Other Matters

In addition, we noted other matters involving the internal control and its operation that we would like to report to you.

Develop a Personnel and Policy Manual

As the Township continues to expand and grow in the services it offers its taxpayers, they will continue to add new employees and it will be imperative that they know what is expected of them in their job duties. A personnel and policy manual should be developed that describes job duties, accounting procedures, and other items that will help all employees meet and understand the expectations of the Township board.

Investment Policy and Credit Risk

During the course of our audit it was noted that the Township has not updated its investment policy to address the reporting requirements of GASB Statement No. 40. GASB Statement No. 40 was designed to inform financial statement users about deposit and investment risks that could affect the Township's ability to provide services and meet its obligations as they become due.

We recommend the Board update their investment policy to address, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, if applicable. Such policies are required to be disclosed in the notes to the Township's financial statements by GASB Statement No. 40.

In addition, the Township should review all their bank holdings and ensure they have spread the credit risk out adequately. Within the current banking environment, it would make sense for the Township Treasurer to minimize this risk and ensure the assets are protected in the event of a possible bank failure.

Formalize the Purchase Order System

During the course of our audit and tests performed on disbursements, it was noted that many purchase could be made by employees with verbal authorizations. We recommend that the Township adopt a formal purchase order system that incorporates the use of a prenumbered document that all purchases must have to incur any expenditure on behalf of the Township and they then be properly matched to invoices and receivers prior to approving for payment. This lack of control did cause some expenditure's to be incurred by the Township for which they did not receive any benefit or the asset itself, and while this not may prevent all fraud, adding another level will hopefully discourages future occurrences.

Hire a Qualified Billing Employee

The Township services now include quarterly billing for sewer customers, gathering data for billing submission of ambulance runs, and reconciling special assessment billing for both water and sewer expansions. Currently the clerk is in charge of all these duties, which is outside the scope of their statutory duties. We recommend that the Township look for a qualified individual who can perform these duties on a consistent basis and work with the clerk to ensure the billings are both timely and accurate.

This communication is intended solely for the information and use of management, the Board Members, and others within the Service, and is not intended to be and should not be used by anyone other than these specified parties.



Schaffer & Layher
St. Joseph, Michigan

September 2, 2008